



Sustainability: Metrics & Reporting



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Nelleke Barning

Vice President, Global Head of Sustainability,
dsm-firmenich



Luca Dalla Torre

Chief Legal Officer,
Siegfried



Anette Quincy

Global Director of Sector Initiatives,
EcoVadis



Moderator: Kelsey Achenbach

Achenbach, Vice President, Pharma and
Medical Nutrition, dsm-firmenich



dsm-firmenich 

We bring progress to life

- € 12.3 Billion
- 4 Business Groups
- Serving Pharma and Biopharma with APIs, excipients, bioprocessing aids and drug delivery solutions

Consolidating our sustainability leadership

Our science-based commitments are aligned with the ambition of keeping global warming below 1.5°C.

Scope 1 and 2	42% by 2030 (baseline 2021)
Scope 3	25% by 2030 (baseline 2021)
Net zero	Net-zero by 2045 across all scopes
Renewable energy	100 % purchased renewable electricity by 2025

External Recognition and Accreditations





Siegfried Sustainability Metrics

Steps towards our ambition



Energy target

-10%

Target achieved: total energy consumption reduction in 2023¹



Renewable electricity

71%

71% of our electricity comes from renewable energy sources



2030 Carbon footprint commitment

-50%

Carbon footprint to be reduced by 50% until 2030^{1,2}



2050 Carbon Net Zero commitment

Net Zero

Carbon footprint to be reduced to "Net Zero" by 2050²

Our most important distinctions



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA



2024 focus activities

Improve data gathering and aggregation process for limited assurance by audit firm

Collaborate with customers to reduce the environmental footprint of the production process

Add strengthened KPIs for water, resources and waste

Submit SbTI Targets for validation based on long-term decarbonisation roadmap

¹ Compared to 2020, CO₂ equivalents normalized against sales

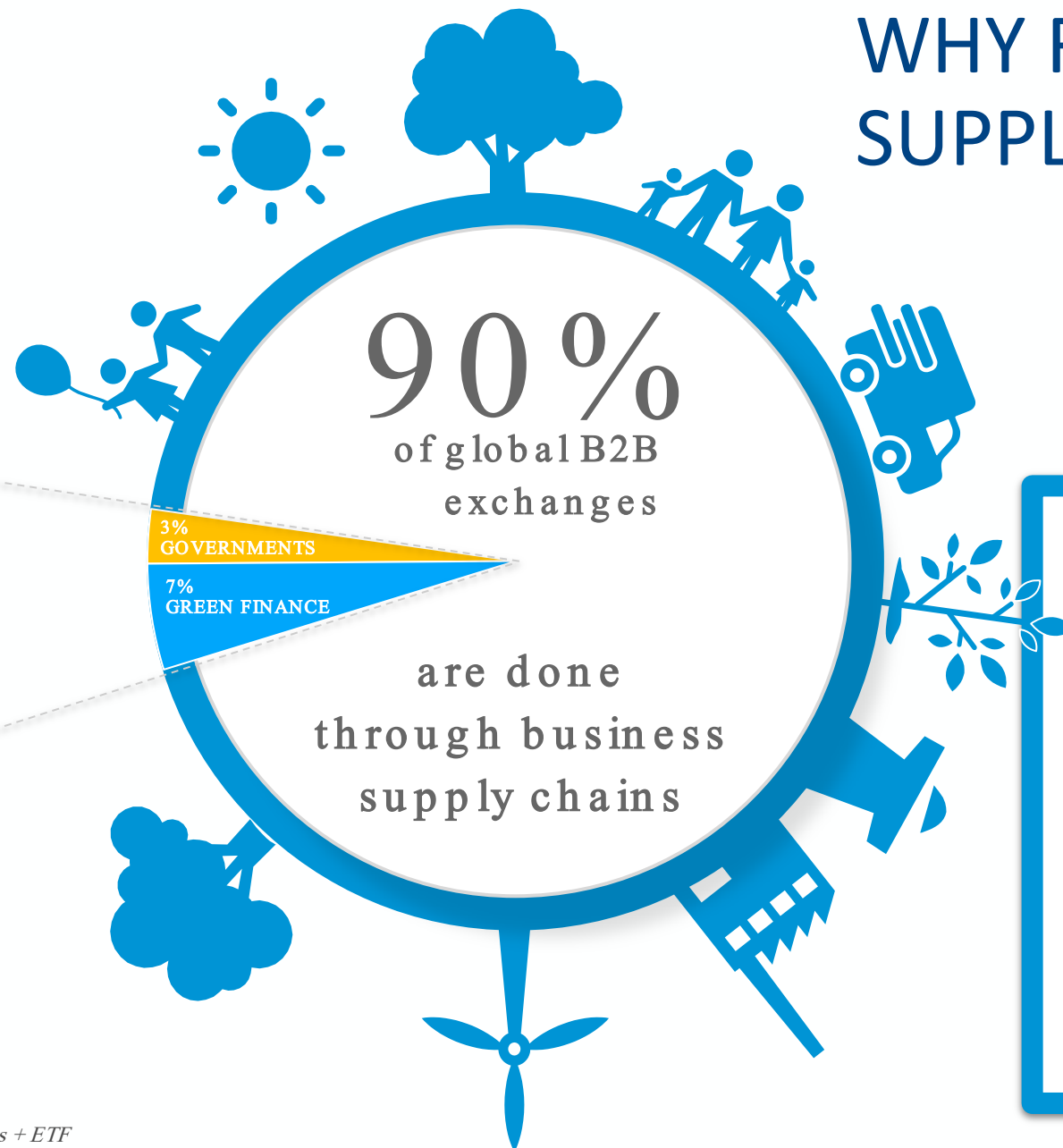
² Scope 1, 2



EcoVadis

How we support our Pharmaceutical and Biotechnology customers staying on track with ESG data and reporting

WHY FOCUS ON SUPPLY CHAINS?



Business supply chains

~5 millions
B2B suppliers
employing
450+ millions
workers
moving
~ \$ 13Tn globally

GOVERNMENTS
~ \$500B

"NET-POSITIVE"
GREEN STIMULUS PLAN (1)

ESG FUNDS (2)

GREEN FINANCE
~ \$ 1Tn

(1) EU Green Deal

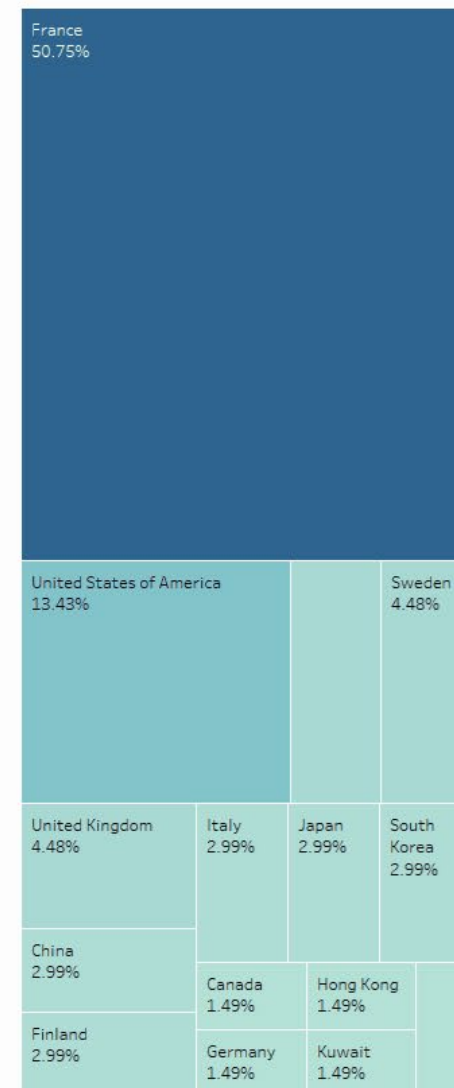
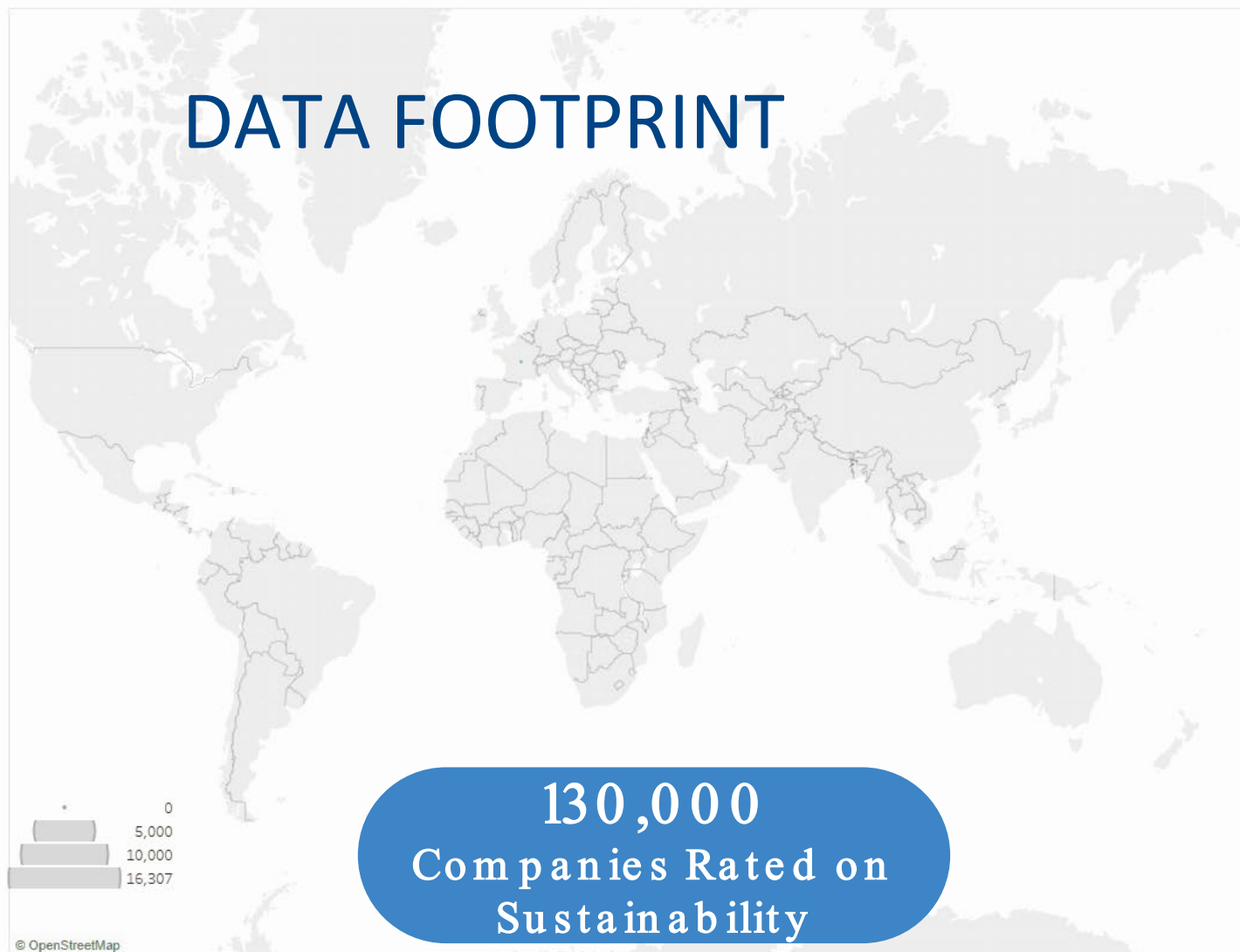
(2) Refinitiv, Bloomberg : ESG Bonds + ETF

(3) Global 1500 = \$33T in 2019 = \$13T spend volume = \$2T moving 15% of spend towards sustainable suppliers

17 years of data collection, verification and processing

Company evaluated with our Ratings solution - 2008 Q1

DATA FOOTPRINT



ecovadis NETWORK IMPACT

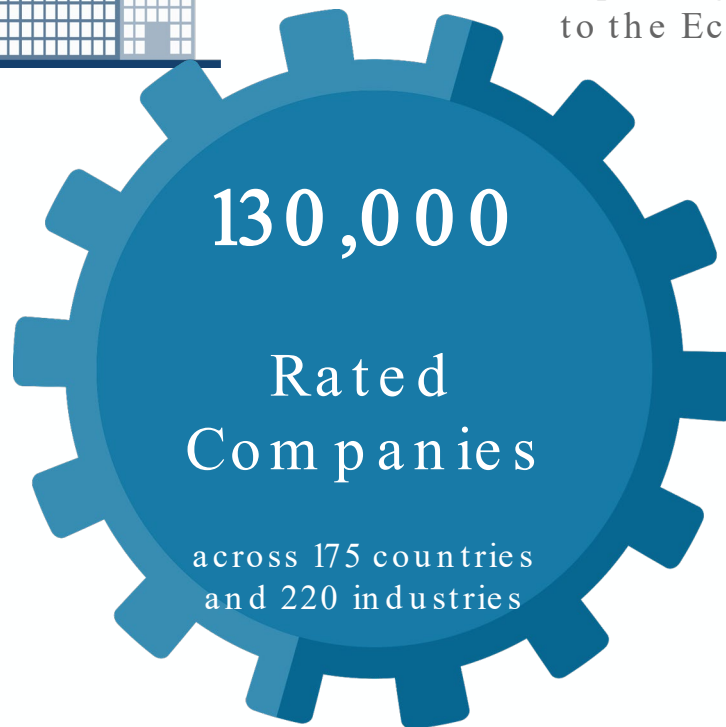
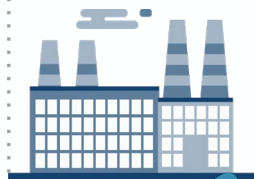


**12 sector
initiatives**

representing 122 buyers

€ 2.5 trillion

in spend covered by EcoVadis
Ratings (+22% since 2021)



**27,000
companies**

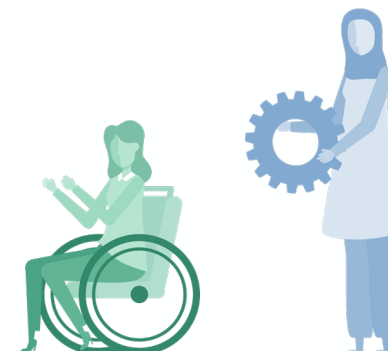
reporting at least one GHG metric
to the EcoVadis report

**53,000
companies**

reporting on Diversity Equity & Inclusion

2 m illion
companies screened
by IQ Plus (risk screen)

125 m illion
workers represented
across the network



[FOUR KEY TRENDS]

2024

2026

2030 ...

[POLITICAL]

A REGULATED ESG
MARKET

[TECHNO]

A HYPER-DIGITAL
WORLD

[TECHNO]

COMMODITIZED
ESG DATA

[ENVIRONMENTAL]

URGENCY OF
CLIMATE ACTION

DEMAND EVOLUTION

Civil
Society
pressure

Legislative
pressure

Investors
pressure

PROCUREMENT

- REGULATORY DUE DILIGENCE & REPORTING
- TRANSPARENCY & TRACEABILITY
- DECARBONIZATION & PHYSICAL RISKS
- ADVANCED ANALYTICS

SUPPLIERS

- 3rd PARTY OPINION
- IMPROVEMENT TIPS
- ADVANCED ANALYTICS
- RECOGNITION
- REPORTING INTEROPERABILITY
- CLIMATE
- BIODIV./NATURE
- SOCIAL/HUM.RIGHTS
- PRODUCT IMPACT
- ...

TECHNOLOGY, AI & BIG DATA

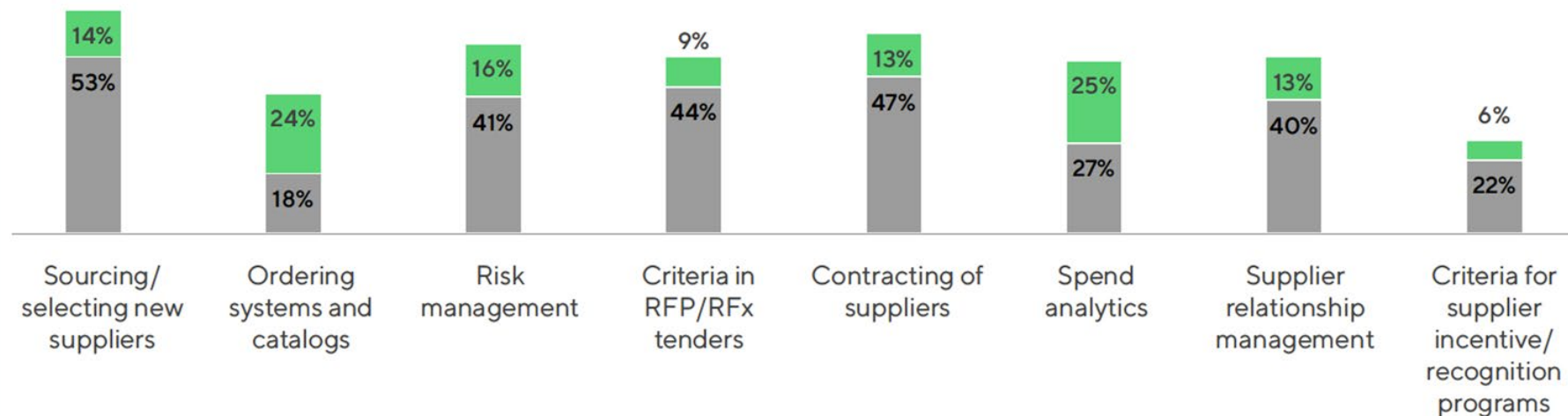


Insight | Data & Procurement Process Integration [current state]

How effectively are you integrating ESG data into your procurement processes?

Respondents were asked whether they have digitally or manually integrated ESG data into the following practices.

● Manually integrated ● Digitally integrated (e.g., via an API)



Sustainable Procurement Barometer 2024 : Transforming Procurement into a Strategic Sustainability & Resilience Partner

1

Only 6-25% of most programs (non-leaders) are digitally integrating ESG data into their procurement processes

2

The vast majority of organizations are still struggling to integrate sustainability data into advanced procurement technologies.

3

Digitally embedding sustainability insights into engagement, monitoring and analytics tools is key for developing the level of performance management needed to build resilience across the value chain

Insight | Supplier Perception & Engagement

Suppliers have divided perceptions of their buyers' sustainability commitment



- **45%**
Sustainability is **top of mind** and they **actively partner** with us, link sustainability to our commercial relationship, and **engage** and **incentivize** us to improve practices
- **46%**
Sustainability is important to them on paper, but it is **not integrated into our relationship** with them
- **7%**
We are the ones driving sustainability
- **3%**
Sustainability is not one of their priorities

Note: Analysis is based on survey responses from 1,087 suppliers.





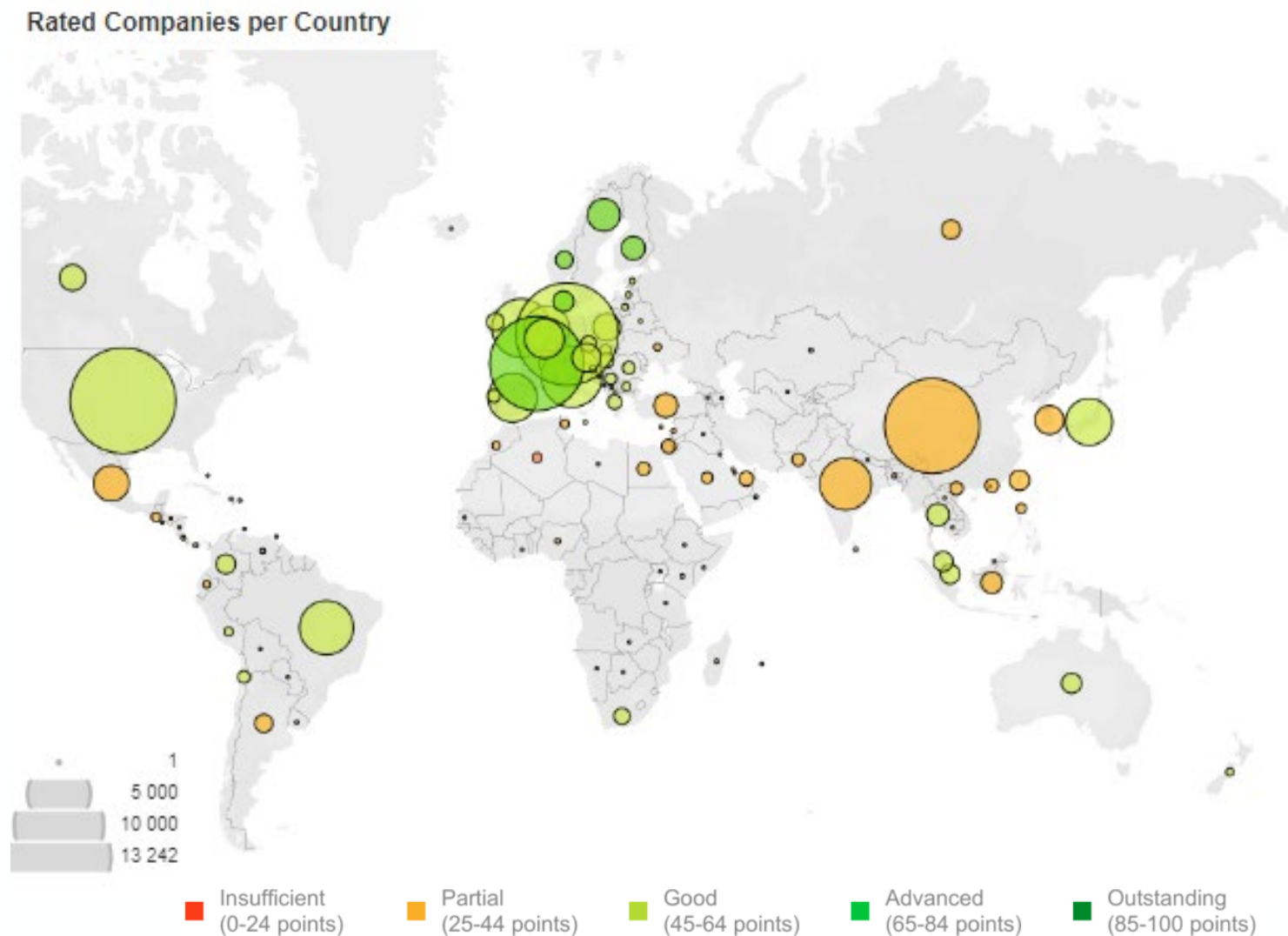
Insight | Pharma & Biotech Supply Chain Improvement [current state]

16,000+ Rated companies

45,000 + Assessments

113 countries

195 Rated industries (ISICS)





Insight | Pharma & Biotech Supply Chain Improvement [current state]

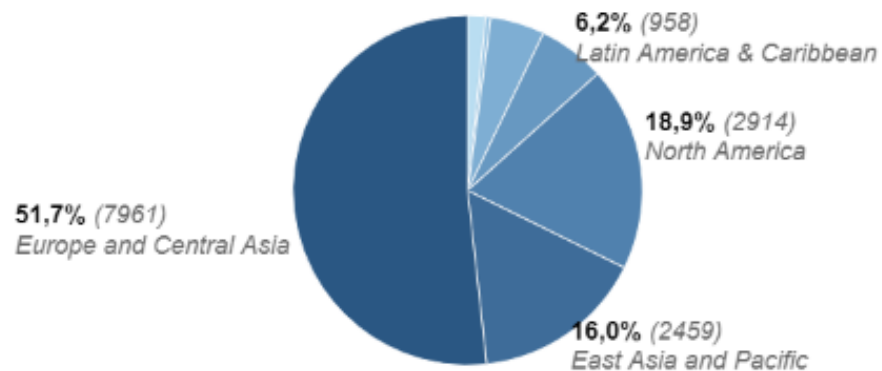
Sample Size

16K Rated Companies

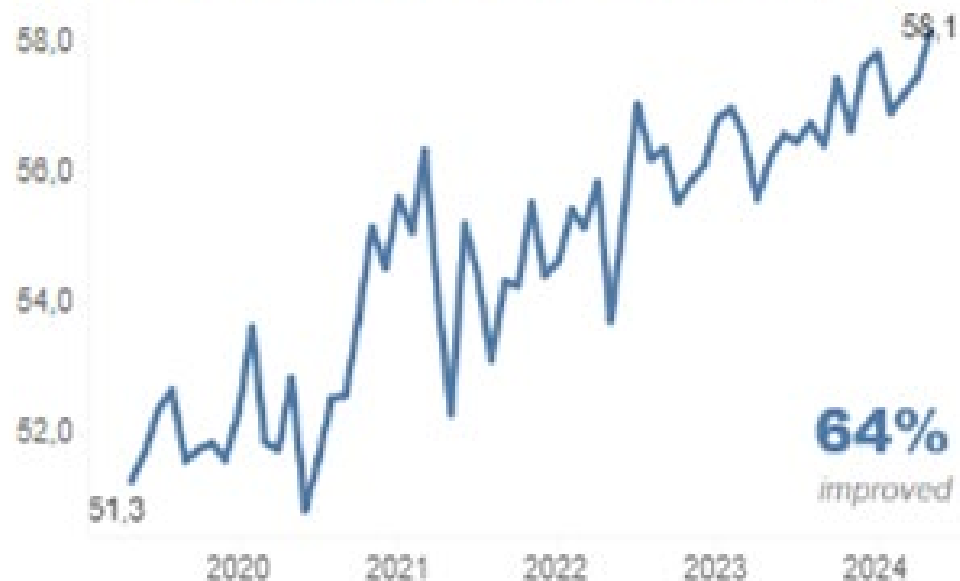
113 Countries

195 Industries

% Rated Companies per Region

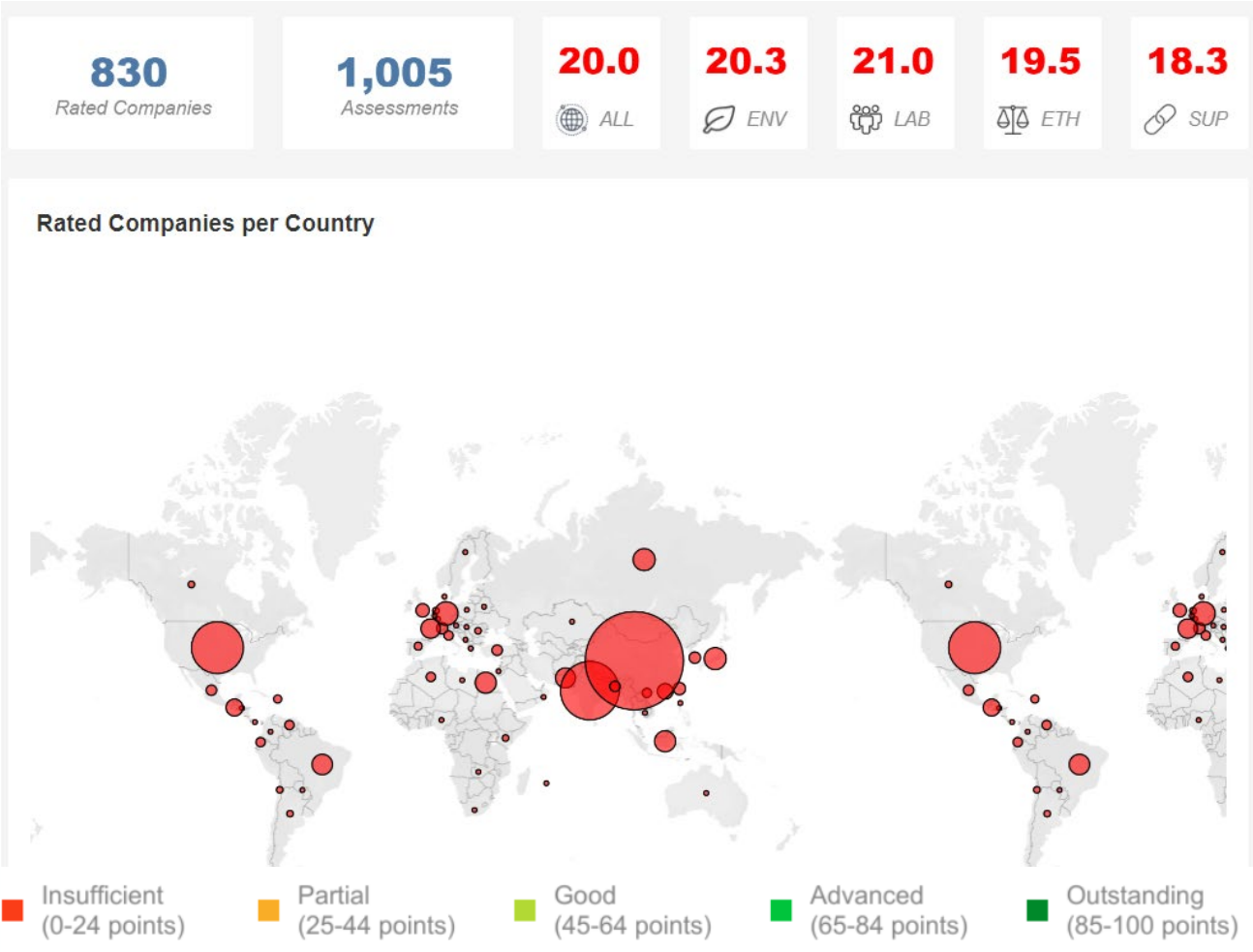


Overall Score Trend of Reassessments *last 5 years*



Low Performers| Pharm a & Biotech Supply Chain Rated Networks [current state]

- 105 distinct ISICS below 25*(high risk)
- Low number reassessments
- Low performers exist across the globe
- Direct and Indirect supply chain concerned



Examples Lowest performing ISICS in Rated network

511- Passenger air transport

782 - Temporary employment agency activities

21- Manufacture of basic pharmaceutical products and pharmaceutical preparations

251- Manufacture of structural metal products, tanks, reservoirs and steam generators

781- Activities of employment placement agencies

2021- Manufacture of pesticides and other agrochemical products

201- Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in

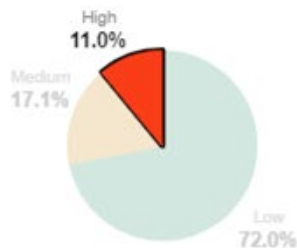
33 - Repair and installation of machinery and equipment

19 - Manufacture of coke and refined petroleum products

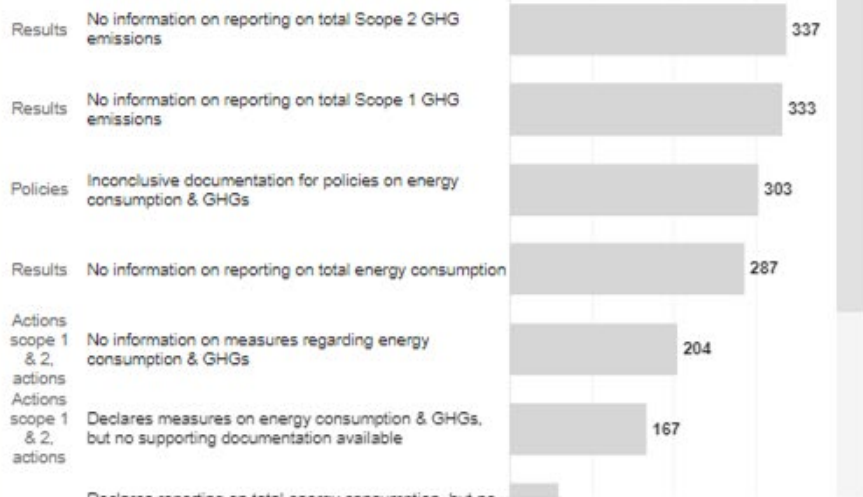
382 - Waste treatment and disposal

Low Performers | RHI Network [current state]

Action priorities for partners



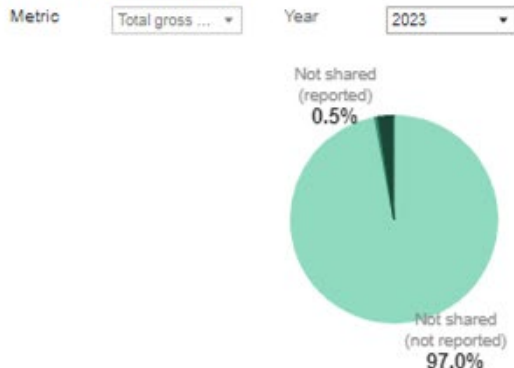
Top improvement areas by number of partners



- Consumption from nuclear products
- Consumption of other purchased or acquired energy from fossil sources
- Consumption of other purchased or acquired energy from renewable sources
- Consumption of self-generated non-fuel renewable energy
- Fuel consumption from coal and coal products
- Fuel consumption from crude oil and petroleum products
- Fuel consumption from natural gas
- Fuel consumption from other fossil sources
- Fuel consumption from renewable sources: biomass
- Percentage of energy consumption from fossil sources
- Percentage of energy consumption from nuclear sources
- Percentage of energy consumption from renewable sources
- Percentage of Scope 1 GHG emissions from regulated emission trading schemes
- Scope 3: 1 - Purchased goods and services
- Scope 3: 2 - Capital goods
- Scope 3: 3 - Fuel and energy-related Activities (not included in Scope1 or Scope...
- Scope 3: 4 - Upstream transportation and distribution
- Scope 3: 5 - Waste generated in operations
- Scope 3: 6 - Business traveling
- Scope 3: 7 - Employee commuting
- Scope 3: 8 - Upstream leased assets
- Scope 3: 9 - Downstream transportation
- Scope 3: 10 - Processing of sold products
- Scope 3: 11 - Use of sold products
- Scope 3: 12 - End-of-life treatment of sold products
- Scope 3: 13 - Downstream leased assets
- Scope 3: 14 - Franchises
- Scope 3: 15 - Investments
- Scope 3: Optional subcategory - Cloud computing and data centre services

Available **GHG metrics**
Rated companies can
report on

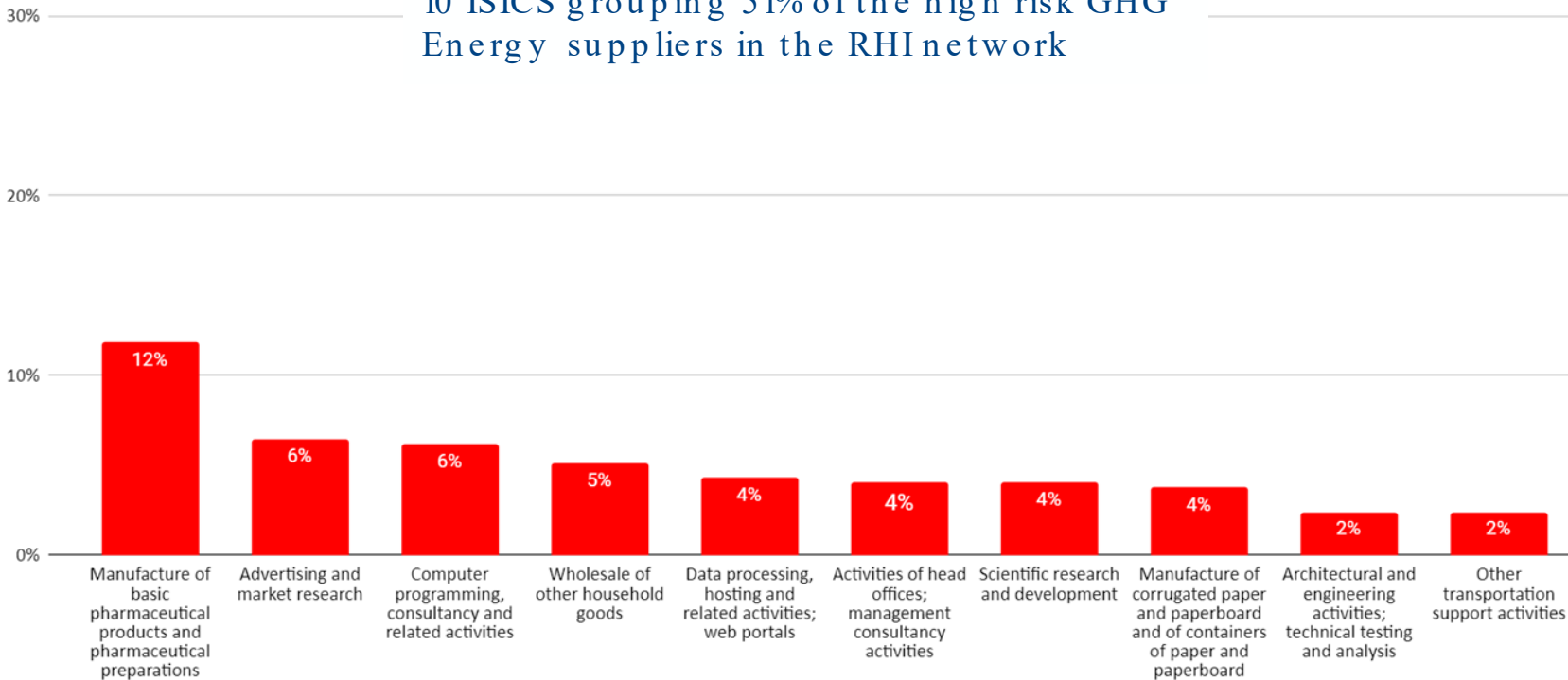
Partners sharing relevant metrics



Filter on Total
Gross **Scope 1**

Energy Cons. & GHG | by ISIC in RHI Network [current state]

10 ISICS grouping 51% of the high risk GHG Energy suppliers in the RHI network



49%

HIGH RISK Improvement Areas

Policy	Inconclusive documentation for policies on energy consumption & GHGe
Result	No information on reporting total energy consumption
Result	No information on reporting on total Scope 1GHGe
Result	No information on reporting on total Scope 2 GHGe
Result	Declares reporting on total gross Scope 2 GHGe, but no supporting documentation available
Result	Declares reporting on total gross Scope 1 GHGe, but no supporting documentation available
Result	Declares reporting on total energy consumption, but no supporting documentation available
Result	No information on reporting on total energy consumption
Result	The 360 Watch has identified at least one significant adverse report regarding energy and/or GHG emissions



Energy Cons. & GHG | KPI Benchmark RHI Network [current state]



Sample source RHI network - 3,280 Rated companies versus 130,000 all EV network

KPIs related to strengths	% of partners	Theme	indicator_group	Benchmark comparison positive	indicator name
Actions on energy consumption & GHGs	70.4%	ENV	ACTIONS	+26.1 p.p.	MESU
Carbon disclosure project (CDP) responder	33.4%	ENV	RESULTS	+25.9 p.p.	REPO
Global Compact Signatory	29.2%	Various	POLICIES	+19.6 p.p.	ENDO
ISO 14001 certified (at least one operational)	37.8%	ENV	ACTIONS	+11.9 p.p.	CERT
ISO 50001 certified	7.8%	ENV	ACTIONS	+4.8 p.p.	CERT
Part of the Science Based Targets Initiative	22.3%	ENV	POLICIES	+18.8 p.p.	ENDO
Policy on sustainable procurement issues	54.2%	SUP	POLICIES	+28.5 p.p.	POLI
Reporting on CO2 emissions	47.5%	ENV	RESULTS	+29.6 p.p.	REPO
Reporting on energy consumption or GHGs	55.1%	ENV	RESULTS	+22.6 p.p.	REPO
Reporting on scope 3 GHG emissions	31.7%	SUP	RESULTS	+24.1 p.p.	REPO
Use of renewable energy	43.4%	ENV	ACTIONS	+24.6 p.p.	MESU



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